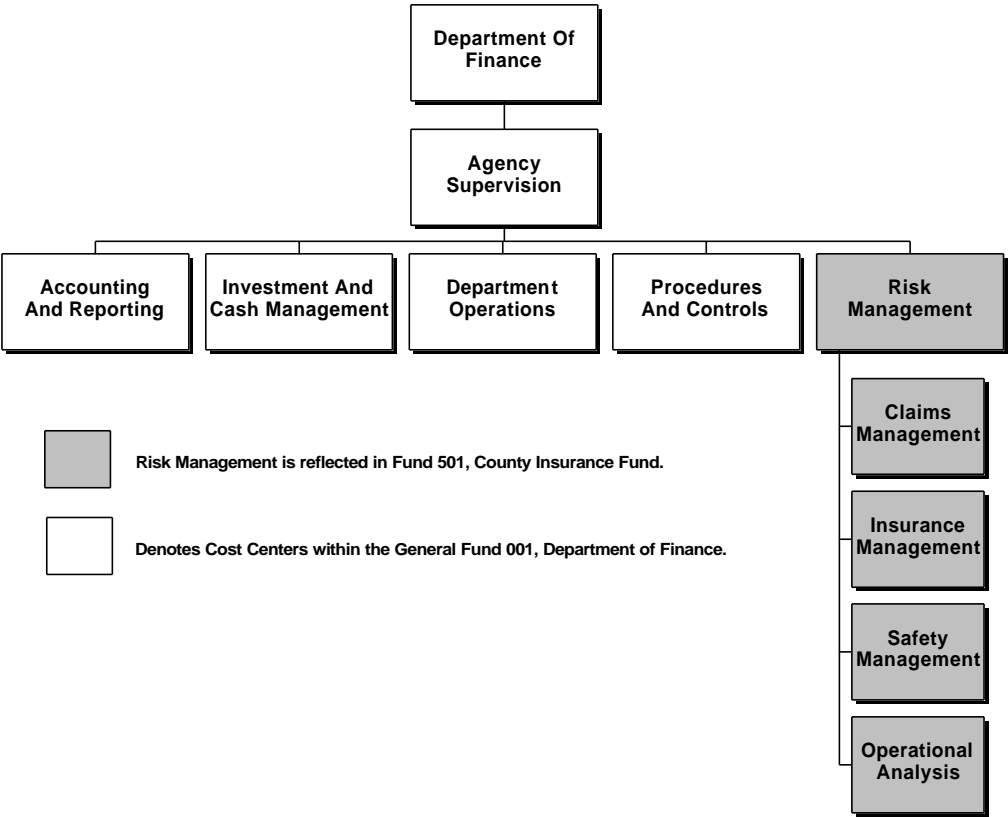


FUND 501, COUNTY INSURANCE FUND



FUND 501

COUNTY INSURANCE FUND

Agency Position Summary

Fund 001:	70	Regular Positions	/	70.0	Regular Staff Years
Fund 501:	<u>13</u>	Regular Positions	/	<u>13.0</u>	Regular Staff Years
	83	Total Positions	/	83.0	Total Staff Years

Position Detail Information

AGENCY SUPERVISION

1	Director
1	Deputy Director
1	Secretary III
1	Secretary II
4	Positions
4.0	Staff Years

Information Technology

1	Computer Systems Analyst III
2	Computer Systems Analysts I
3	Positions
3.0	Staff Years

Documentation

1	Accountant III
1	Position
1.0	Staff Year

DEPARTMENT OPERATIONS

1	Management Analyst III
1	Administrative Aide
2	Account Clerks II
4	Positions
4.0	Staff Years

Disbursements

1	Accounting Technician
1	Position
1.0	Staff Year

INVESTMENT AND CASH MANAGEMENT

1	Investment Manager
2	Investment Analysts
1	Account Clerk II
4	Positions
4.0	Staff Years

ACCOUNTING AND REPORTING

1	Chief Finance Division
1	Position
1.0	Staff Year

Accounting Team

1	Accountant III
4	Accountants II
1	Accounting Technician
6	Positions
6.0	Staff Years

Billable Revenue Team

1	Accountant III
1	Accountant II
1	Accountant I
3	Positions
3.0	Staff Years

Financial Reporting Team

1	Accountant III
2	Accountants II
3	Positions
3.0	Staff Years

Quality Assurance Team

1	Accountant III
2	Accountants II
1	Account Clerk II
4	Positions
4.0	Staff Years

Systems Reporting Team

1	Accountant III
2	Accountants II
1	Account Clerk II
4	Positions
4.0	Staff Years

Grants Team

1	Accountant III
1	Accountant II
1	Account Clerk II
3	Positions
3.0	Staff Years

PROCEDURES AND CONTROLS

1	Chief Finance Division
1	Secretary I
2	Positions
2.0	Staff Years

Accounts Payable

1	Accountant III
3	Accounting Technicians
3	Administrative Aides
7	Account Clerks II
14	Positions
14.0	Staff Years

Systems Administration

2	Accountants III
2	Management Analysts II
4	Positions
4.0	Staff Years

Financial Control

1	Accountant III
1	Accounting Technician
2	Account Clerks II
4	Positions
4.0	Staff Years

Bank Reconciliation

1	Accounting Technician
1	Administrative Aide
3	Account Clerks II
5	Positions
5.0	Staff Years

RISK MANAGEMENT

1	Risk Manager
1	Administrative Aide
2	Positions
2.0	Staff Years

Insurance Management

1	Insurance Manager
1	Position
1.0	Staff Year

FUND 501

COUNTY INSURANCE FUND

Claims Management

1	<i>Claims Manager</i>
1	<i>Claims & Rehab. Supervisor</i>
1	<i>Rehabilitation Specialist</i>
1	<i>Rehabilitation Tech.</i>
2	<i>Claims Specialists</i>
1	<i>Clerical Specialist</i>
7	<i>Positions</i>
7.0	<i>Staff Years</i>

Safety Management

1	<i>Safety Manager</i>
1	<i>Safety Analyst</i>
2	<i>Positions</i>
2.0	<i>Staff Years</i>

Operational Analysis

1	<i>Risk Analyst</i>
1	<i>Position</i>
1.0	<i>Staff Year</i>

*Positions shown in italics are funded
in Fund 501, County Insurance Fund.

FUND 501 COUNTY INSURANCE FUND

AGENCY MISSION

To monitor risk and loss exposures associated with workers' compensation and other liabilities, maintain liability insurance or self insurance funding reserves, and conduct safety and loss prevention programs for County agencies in order to minimize risk and loss potential.

AGENCY SUMMARY

Category	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	12/ 12	13/ 13	13/ 13	13/ 13	13/ 13
Expenditures:					
Personnel Services	\$712,075	\$787,045	\$787,045	\$822,286	\$842,466
Operating Expenses	5,367,535	8,802,995	8,779,383	8,262,711	8,262,711
Capital Equipment	0	2,040	2,040	0	0
Total Expenditures	\$6,079,610	\$9,592,080	\$9,568,468	\$9,084,997	\$9,105,177

SUMMARY BY COST CENTER

Category	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Risk Management	\$809,379	\$873,612	\$889,352	\$912,766	\$932,946
Self-Insured Risks	4,077,508	7,369,068	7,329,716	6,865,620	6,865,620
Commercially Insured Risks	1,192,723	1,349,400	1,349,400	1,306,611	1,306,611
Total Expenditures	\$6,079,610	\$9,592,080	\$9,568,468	\$9,084,997	\$9,105,177

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2001 Advertised Budget Plan, as approved by the Board of Supervisors on April 24, 2000:

- The 2.5 percent cost-of-living/market rate adjustment approved by the Board of Supervisors, and previously held in reserve, has been spread to County agencies and funds. This action results in an increase of \$20,180 to Fund 501, County Insurance.

The following funding adjustments reflect all approved changes to the FY 2000 Revised Budget Plan from January 1, 2000 through April 17, 2000. Included are all adjustments made as part of the FY 2000 Third Quarter Review:

- A net saving of \$23,612 associated with Close Management Initiatives based on a reduction of \$39,352 due to additional rehabilitation efforts and medical cost containment, partially offset by the redistribution of \$15,740 within the agency. The net savings are returned to fund balance for investment in future program initiatives.

FUND 501

COUNTY INSURANCE FUND

County Executive Proposed FY 2001 Advertised Budget Plan



Agency Overview

Fairfax County has a statutory responsibility to provide Workers' Compensation benefits, including medical treatment and loss of wages due to related disability, to employees who sustain occupational injuries and illnesses. To fulfill this obligation, Fund 501, the County Insurance Fund, was established to disburse and account for expenditures related to Workers' Compensation claims. The Fund was consolidated as of July 1, 1990, to include funding for all insurance and self-insurance related expenses, as well as the Risk Management Cost Center expenses.

Since FY 1963, the County and the School Board had jointly self-insured for Workers' Compensation claims and had administered the program through an independent claims service company monitored by the County's Office of Finance. In FY 1987, the Risk Management Division was created in the Department of Finance to monitor the performance of the claims administrators to ensure that claims are properly adjusted and payments are processed in a timely fashion. The Risk Management Division also manages the County's property/casualty insurance as well as the employee safety program. Beginning in FY 1993, the School Board established its own self-insurance fund to handle School employee claims. The expenditures for claims and liabilities associated with the School system are no longer reflected in Fund 501.

In addition to the Workers' Compensation program, the Risk Management Division also administers the County's Insurance Program which provides self-insurance for automobile and general liability claims against the County and the commercial insurance for various other County liabilities, such as aviation insurance on the County helicopters, real property loss, and Fire and Rescue vehicle damage insurance.

Fund 501, the County Insurance Fund, includes four major programs - Claims Management, Insurance Management, Employee Safety, and Operational Analysis. The Claims Management Program monitors the progress of all County claims by providing the necessary coordination with the claims service companies and various County agencies, and internally administers self-insured claims such as public officials and police professional liabilities, real property, and vehicle collision and comprehensive claims. The Insurance Management Program evaluates and determines the most cost effective manner of providing insurance against County liabilities posed by the various operational risks. The Employee Safety Program evaluates work place hazards and recommends appropriate controls for abatement to minimize exposure of employees and other personnel, thus contributing to reduced claims. The Operational Analysis Program assesses operational risks and determines methods of treatment and mitigation.

In FY 2001, the Rehabilitation Program will be in the eighth full year of assuring compliance with rehabilitation policies and procedures. The rehabilitation initiatives, initiated by the Claims Management Division include the fair and expeditious medical diagnosis and prognosis of employees involved in Workers' Compensation claims, and the coordination with the Department of Human Resources and the employee's agency to return the employee to regular or light duty/restricted jobs, has resulted in continuing significant reductions in liabilities. In conjunction with the rehabilitation policies and procedures, medical case management will continue to contain rather than increase liabilities, although the number of vouchers processed, claims filed, and indemnity payments are projected to increase. Based on the exceptional return on investment realized by this program since its inception, a Claims and Rehabilitation Supervisor position was added to the program in FY 2000 to assist the two other Claims Management Division positions which are responsible for reviewing the more than 4,000 claims processed annually.

FUND 501

COUNTY INSURANCE FUND

After several years of growing loss experience, in FY 1994, a ten-year financial plan was developed to amortize an unfunded liability deficit which existed at that time. Since then, an improved rehabilitation policy has been implemented which has resulted in steady improvement in the County's Workers' Compensation expense history. By the end of FY 1997, the fund had achieved a positive ending balance and no amortization payments have been made since that time. Due to successes in containing costs and minimizing exposure to risks, the fund balance has been growing steadily over the past several years. Instead of allowing the fund to continue at its present rate of growth, it is capped at approximately \$10.8 million in order to provide a sufficient amount with which to address the number and size of claims likely to be faced based on historical levels. The new balance was achieved primarily through a reduction in the rates charged to other County funds for insurance coverage.



Funding Adjustments

The following funding adjustments from the FY 2000 Revised Budget Plan are necessary to support the FY 2001 program:

- An increase of \$18,958 due to the implementation of the new Pay for Performance program in FY 2001. The new system links annual pay increases to employee performance.
- An increase of \$9,031 due to the implementation of the Market Pay Study. As a result of the Study, incumbents in job classes that are found to be one grade below the market will be moved to the appropriate grade and receive a 2.0 percent market adjustment. Incumbents in classes found to be two or more grades below the market will be moved to the appropriate grade and receive a 4.0 percent market adjustment. In addition, funding is held in reserve to provide all employees with a 2.5 percent cost-of-living/market adjustment.
- A net increase of \$6,252 in salaries and fringe benefits based upon the current grade of existing staff.
- A decrease of \$42,789 for commercially insured lines of coverage based on a general decrease in premium rates in the insurance market.
- A net decrease of \$344,591 in funding for Workers' Compensation includes reductions of \$115,501 for medical costs and \$263,428 for indemnity costs due to savings realized through the rehabilitation program and the medical cost containment program. These savings were partially offset by an increase of \$29,015 for the Virginia Uninsured Employers Fund Tax primarily due to an increase in the premium passed by the Virginia General Assembly during the 1998 legislative session and \$5,323 in administrative costs.
- A decrease of \$158,857 for other self-insured risks, such as co-insurance for fire vehicles and physical damage to other automobiles, based on historical spending.

The following funding adjustments reflect all approved changes to the FY 2000 Revised Budget Plan since passage of the FY 2000 Adopted Budget Plan. Included are all adjustments made as part of the FY 1999 Carryover Review and all other approved changes through December 31, 1999:

- There have been no revisions to this fund since approval of the FY 2000 Adopted Budget Plan.

FUND 501

COUNTY INSURANCE FUND

The following tables identify funding for each self-insured and commercially insured line of coverage:

Self-Insured Lines of Coverage

	FY 2000	FY 2001
Workers' Compensation Claims Service Fee	\$412,505	\$424,880
Workers' Compensation Administrative Expenses	23,051	15,999
Workers' Compensation Rehabilitation Claims	166,387	176,543
Workers' Compensation Medical Claims	2,847,186	2,721,529
Workers' Compensation Indemnity Claims	2,794,343	2,530,915
Workers' Compensation Subrogation Recovery	(375,025)	(375,025)
Workers' Compensation Tax	134,578	163,593
Subtotal Workers' Compensation	\$6,003,025	\$5,658,434
Automobile Liability Claims Expenses	\$989,952	\$958,948
Auto Subrogation Recovery	(98,323)	(98,323)
General Liability Claims Expenses	210,755	217,546
Police Professional Liability	51,832	16,445
Public Officials Liability	76,194	26,636
Property Perils Deductible	135,633	85,934
Subtotal Other Self-Insurance	\$1,366,043	\$1,207,186
Total Self-Insurance	\$7,369,068	\$6,865,620

Commercially-Insured Lines of Coverage

Policy	FY 2000 Estimate	FY 2001 Estimate
Property Perils Premium	\$252,627	\$278,992
Inland Marine Premium	44,686	41,448
Aviation (Helicopter) Premium	153,974	148,495
Boiler and Machinery	22,494	27,627
Volunteer Casualty Premium	73,169	73,764
Crime (Monies and Securities) Premium	37,862	32,176
Valuable Papers Premium	42,655	42,185
Fire and Rescue Vehicle Premium	174,954	166,625
Volunteer Firefighter and Auxiliary Police		
Accidental Death and Dismemberment Premium	38,259	47,735
Faithful Performance Bonds	7,514	4,939
Medical Malpractice Liability Premium	26,064	26,009
Excess Catastrophic	402,305	387,004
Public Employees Blanket Bond	58,520	14,065
Commercial Marine Premium	8,048	7,253
Employee Day Care A&D	2,227	2,195
Park & Ride Liability Insurance	4,042	6,099
Total Commercially-Insured	\$1,349,400	\$1,306,611

FUND 501 COUNTY INSURANCE FUND



Objectives

- To process 90 percent of all claims within 30 business days from date of incident.
- To achieve agency compliance of 75 percent of recommended improvements as a result of safety inspections.
- To assure that no less than 90 percent of the County's insurable assets are inventoried and insured.
- To achieve agency implementation of 75 percent of risk analysis/assessment recommendations.



Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimate/Actual	FY 2000	FY 2001
Output:					
Claims requiring investigation	2,008	1,770	1,947 / 1,989	2,141	2,110
Inspection reports produced and disseminated	116	205	217 / 183	192	200
Insurable asset submissions to insurance companies	40	41	41 / 41	42	42
Risk assessments conducted	65	69	70 / 74	75	78
Efficiency:					
Cost per claim processed	NA	NA	\$245 / \$121	\$111	\$125
Cost per safety inspection report	NA	\$190	\$174 / \$190	\$172	\$186
Cost per insurable asset submitted to insurance company	NA	\$260	\$268 / \$245	\$266	\$284
Cost per risk assessment	NA	\$242	\$232 / \$216	\$205	\$220
Service Quality:					
Average claims processing time (Days)	24	22	20 / 21	20	20
Percent of reports disseminated within 10 days of inspection	NA	86%	95% / 90%	99%	93%
Percent of assets inventoried and insured within 10 days of policy renewal	NA	88%	91% / 90%	91%	91%
Percent of risk assessments conducted within 3 days of request	NA	65%	65% / 65%	70%	70%

FUND 501
COUNTY INSURANCE FUND

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimate/Actual	FY 2000	FY 2001
Outcome:					
Percent of claims processed within 30 days	86%	85%	90% / 89%	90%	90%
Improvements implemented as a result of the safety inspection	78%	76%	76% / 61%	77%	75%
Percent insurable asset reports to insurance companies within 10 percent of insurable assets reported by agencies during inventory	NA	90%	95% / 95%	95%	95%
Percent of risk analysis recommendations implemented by user agencies	NA	75%	75% / 78%	75%	75%

FUND 501 COUNTY INSURANCE FUND

FUND STATEMENT

Fund Type G50, Internal Service Funds

Fund 501, County Insurance Fund

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Beginning Balance	\$24,359,816	\$24,440,003	\$27,858,563	\$27,638,097	\$27,661,709
Revenue:					
Interest	\$1,180,501	\$1,015,872	\$1,015,872	\$1,099,533	\$1,099,533
Workers' Compensation	6,544,118	6,646,406	6,646,406	6,735,986	6,735,986
Other Insurance	1,853,738	1,709,336	1,709,336	1,873,878	1,873,878
Total Revenue	\$9,578,357	\$9,371,614	\$9,371,614	\$9,709,397	\$9,709,397
Total Available	\$33,938,173	\$33,811,617	\$37,230,177	\$37,347,494	\$37,371,106
Expenditures:					
Administration	\$809,378	\$873,612	\$873,612	\$912,766	\$932,946
Workers' Compensation	4,514,326	6,003,025	5,979,413	5,658,434	5,658,434
Self Insurance Losses	1,103,954	1,366,043	1,366,043	1,207,186	1,207,186
Commercial Insurance Premium	1,192,723	1,349,400	1,349,400	1,306,611	1,306,611
Subtotal Expenditures	\$7,620,381	\$9,592,080	\$9,568,468	\$9,084,997	\$9,105,177
COLA/MRA Reserve	0	0	0	20,180	0
Expense for Net Change in Accrued Liability ¹	(1,540,771)	0	0	0	0
Total Expenditures	\$6,079,610	\$9,592,080	\$9,568,468	\$9,105,177	\$9,105,177
Total Disbursements	\$6,079,610	\$9,592,080	\$9,568,468	\$9,105,177	\$9,105,177
Ending Balance	\$27,858,563	\$24,219,537	\$27,661,709	\$28,242,317	\$28,265,929
Restricted Reserves:					
Accrued Liability	17,442,417	18,983,188	17,442,417	17,442,417	17,442,417
PC Replacement Reserve	7,200	7,200	7,200	7,200	7,200
Reserve for Catastrophic Occurrences	10,408,946	5,229,149	10,212,092	10,792,700	10,816,312

¹ FY 1999 Actuals have been updated to reflect all FY 1999 audit adjustments. These changes include an expenditure decrease of \$1,540,771 due to the net change in accrued liabilities (value of outstanding claims) based on an annual independent actuarial valuation. This adjustment results in a corresponding adjustment to the total Accrued Liability Ending Balance and Unreserved Balance.